

REGULATION 12

CHIPS AND TOKENS

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12.010 Definitions. As used in this regulation:

1. Except as otherwise provided, "chairman" means the chairman of the state gaming control board or his designee.

2. "Chip" means a non-metal or partly metal representative of value issued by a licensee for use at table games or counter games at the licensee's gaming establishment.

3. "Token" means a metal representative of value issued by a licensee for use in slot machines or for use in slot machines and at table games or counter games at the licensee's gaming establishment.

(Adopted: 6/87. Amended: 12/91.)

12.020 Approval of chips and tokens; applications and procedures.

1. A licensee shall not issue any chips or tokens for use in its gaming establishment, or redeem any such chips or tokens, unless the chips or tokens have been approved in writing by the chairman. A licensee shall not issue any chips or tokens for use in its gaming establishment, or redeem any such chips or tokens, that are modifications of chips or tokens previously approved by the chairman, unless the modifications have been approved in writing by the chairman.

2. Applications for approval of chips, tokens, and modifications to previously-approved chips or tokens must be made, processed, and determined in such manner and using such forms as the chairman may prescribe. Only nonrestricted licensees, operators of slot machine routes, or the manufacturer authorized by these licensees to produce the chips or tokens, may apply for such approval. Each application must include, in addition to such other items or information as the chairman may require:

(a) An exact drawing, in color or in black-and-white, of each side and the edge of the proposed chip or token, drawn to actual size or drawn to larger than actual size and in scale, and showing the measurements of the proposed chip or token in each dimension;

(b) Written specifications for the proposed chips or tokens;

(c) The name and address of the manufacturer;

(d) The licensee's intended use for the proposed chips or tokens; and

(e) A verification upon oath or notarized affirmation, executed by the chief operating officer of the chip or token manufacturer, or a person with equivalent responsibilities, that it has a written system of internal control, approved by the chairman, which describes in detail the current administrative, accounting and security procedures which are utilized in the manufacture, storage and shipment of the chips, tokens and related material. The written system must include at a minimum, a detailed, narrative description of the procedures and controls implemented to ensure the integrity and security of the manufacturing process, from design through shipment, including but not limited to those procedures and controls designed specifically to:

(1) Provide for the secure storage or destruction of all pre-production prototypes, samples, production rejects and other nonsalable product.

(2) Provide security over the finished art work, hubs, plates, dies, molds, stamps and other related items which are used in the manufacturing process.

(3) Prevent the unauthorized removal of product from the production facility through the utilization of security devices such as metal detectors, and surveillance cameras.

(4) Restrict access to raw materials, work-in-process, and finished goods inventories to authorized personnel.

(5) Establish procedures for documenting approval of production runs.

(6) Establish and maintain a perpetual inventory system which adequately documents the flow of materials through the manufacturing process.

(7) Establish procedures which reconcile the raw material used to the finished product on a job-by-job basis. Significant variances are to be documented, investigated by management personnel, and immediately reported to the Gaming Control Board Enforcement Division and to the licensee who authorized the manufacturer to produce the chips or tokens.

(8) Provide for quarterly physical inventory counts to be performed by individual(s) independent of the manufacturing process which are reconciled to the perpetual inventory records. Significant variances are to be documented, investigated by management personnel, and immediately reported to the Gaming Control Board Enforcement Division.

(9) Establish a framework of procedures which provide for the security and accountability of products and materials sent to or received from subcontractors or satellite production facilities.

(10) Document controls over the shipment of finished product, and

(11) Provide such other or additional information as the chairman may require.

The chairman may in writing approve variations from the specific requirements of this regulation if in the opinion of the chairman the alternative controls and procedures meet the objectives of this regulation.

3. If, after receiving and reviewing the items and information described by this regulation, the chairman is satisfied that the proposed chips, tokens and related information conform to the requirements of this regulation, the chairman shall notify the licensee or the manufacturer authorized by the licensee to produce the chips or tokens in writing and shall request, and the licensee or the manufacturer shall provide a sample of the proposed chips or tokens in final, manufactured form. If the chairman is satisfied that the sample conforms with the requirements of this regulation and with the information submitted with the licensee's application, the chairman shall approve the proposed chips or tokens and notify the licensee in writing. As a condition of approval of chips or tokens issued for use at the licensee's race book, sports pool, or specific table or counter game, the chairman may prohibit the licensee from using the chips or tokens other than at the book, pool, or specific game. The board may retain the sample chips and tokens submitted pursuant to this subsection.

4. At the time of approval of a system of internal control, the chairman may require the manufacturer to provide, and thereafter maintain with the board, a revolving fund in an amount determined by the chairman, which amount shall not exceed \$10,000. The board and its staff may use the revolving fund at any time without notice, for the purpose of implementing the provisions of this regulation.

5. The amendments adopted March 30, 1995, shall become effective October 1, 1995.

(Adopted: 6/87. Amended: 12/91; 3/95. Effective: 10/1/95.)

12.030 Specifications for chips and tokens.

1. Chips and tokens must be designed, manufactured, and constructed in compliance with all applicable statutes, regulations, and policies of the United States, Nevada, and other states, and so as to prevent counterfeiting of the chips and tokens to the extent reasonably possible. Chips and tokens must not deceptively resemble any current or past coinage of the United States or any other nation.

2. In addition to such other specifications as the chairman may approve:

(a) The name of the issuing gaming establishment must be inscribed on each side of each chip and token, and the city or other locality and the state where the establishment is located must be inscribed on at least one side of each chip and token;

(b) The value of the chip or token must be inscribed on each side of each chip and token, other than chips used exclusively at roulette;

(c) The manufacturer's name or a distinctive logo or other mark identifying the manufacturer must be inscribed on at least one side of each chip and token; and

(d) Each chip must be designed so that when stacked with chips and tokens of other denominations and viewed on closed-circuit, black-and-white television, the denomination of the chip can be distinguished from that of the other chips and tokens in the stack.

3. The names of the city or other locality and the state where the establishment is located must be inscribed on at least one side of each chip and token unless the chairman finds, after application by a licensee, that such an inscription is not necessary because:

(a) The name of the issuing establishment is unique to one readily identifiable establishment in all gaming jurisdictions; or

(b) The inclusion of the city or other locality and the state is not necessary or beneficial for any regulatory purpose relating to the applicant.

4. Any application submitted pursuant to subsection 3 must be signed by the chief executive officer of the applicant and be on a form prescribed by the chairman.

5. Any approval by the chairman for the deletion of such an inscription shall be in writing and be limited to that period of time in which the name of the licensee is limited to one establishment and conditioned so that it may be withdrawn in the future if the chairman determines that the

deletion results in confusion with the chips or tokens of another establishment or if such inclusion is deemed necessary or beneficial for any regulatory purpose.

6. A copy of any approval or disapproval or other decision by the chairman pursuant to the authority delegated in subsection 3 must be submitted to the other members of the board and the chairman of the commission within 5 working days thereafter and may be relied on by the applicant if within 20 working days after such submission:

- (a) A member of the board does not request a review by the entire board; or
- (b) The chairman of the commission does not include the matter on the next available commission agenda.

7. In the event of such a request by a board member, or such action by the commission chairman, the application or other related issue(s) shall be considered and decided by the commission upon the recommendation of the board.

(Adopted: 6/87. Amended: 8/89; 12/91.)

12.040 Specifications for chips.

1. Unless the chairman approves otherwise, chips must be disk-shaped, must be .130 inch thick, and must have a diameter of:

- (a) 1.55 inches, for chips used at games other than baccarat;
- (b) 1.55 inches or 1.6875 inches, for chips used at baccarat; and
- (c) 1.6875 inches, for chips used exclusively at race books and sports pools or other counter games.

2. Each side of each chip issued for use exclusively at a race book, sports pool, or particular game must bear an inscription clearly indicating that use of the chip is so restricted.

(Adopted: 6/87.)

12.050 Specifications for tokens.

1. Unless the chairman approves otherwise, tokens must be disk-shaped and must measure as follows:

- (a) No token may be smaller than 1.459 inches or larger than 1.95 inches in diameter, and no token may be from 1.475 through 1.525 inches in diameter;
- (b) One dollar denomination tokens must be from 1.459 through 1.474 inches in diameter, from .095 through .115 inch thick, and, if the token has reeds or serrations on its edges, the number of reeds or serrations must not exceed 150;
- (c) Five dollar denomination tokens must be 1.75 inches in diameter, from .115 through .135 inch thick, and, if the token has reeds or serrations on its edges, the number of reeds or serrations must not exceed 175;
- (d) Twenty-five dollar denomination tokens must be larger than 1.75 inches but no larger than 1.95 inches in diameter (except that such tokens may be 1.654 inches (42 millimeters) in diameter if made of 99.9 percent pure silver), must be .10 inch thick, and, if the token has reeds or serrations on its edges, the number of reeds or serrations must not exceed 200; and
- (e) Tokens of other denominations must have such measurements and edge reeds or serrations as the chairman may approve or require.

2. The chairman shall not approve any tokens of denominations lower than one dollar.

3. Tokens must not be manufactured from material possessing sufficient magnetic properties so as to be accepted by a coin mechanism, other than that of a slot machine.

4. Tokens must not be manufactured from a three-layered material consisting of a copper-nickel alloy clad on both sides of a pure copper core, nor from a copper-based material, unless the total of zinc, nickel, aluminum, magnesium, and other alloying materials is at least 20 percent of the token's weight.

(Adopted: 6/87.)

12.060 Use of chips and tokens.

1. Chips and tokens are solely representatives of value which evidence a debt owed to their custodian by the licensee that issued them and are not the property of anyone other than that licensee.

2. A licensee that uses chips or tokens at its gaming establishment shall:

- (a) Comply with all applicable statutes, regulations, and policies of Nevada and of the United States pertaining to chips or tokens;
- (b) Issue chips and tokens only to patrons of its gaming establishment and only at their request;
- (c) Promptly redeem its own chips and tokens from its patrons by cash or check drawn on an account of the licensee;
- (d) Post conspicuous signs at its establishment notifying patrons that federal law prohibits the use of the licensee's tokens, that state law prohibits the use of the licensee's chips, outside the

establishment for any monetary purpose whatever, and that the chips and tokens issued by the licensee are the property of the licensee, only; and

(e) Take reasonable steps, including examining chips and tokens and segregating those issued by other licensees to prevent the issuance to its patrons of chips and tokens issued by another licensee.

3. A licensee shall not accept chips or tokens as payment for any goods or services offered at the licensee's gaming establishment with the exception of the specific use for which the chips or tokens were issued, and shall not give chips or tokens as change in any other transaction.

4. A licensee shall not redeem its chips or tokens if presented by a person who the licensee knows or reasonably should know is not a patron of its gaming establishment, except that a licensee shall promptly redeem its chips and tokens if presented by:

(a) Another licensee who represents that it redeemed the chips and tokens from its patrons or received them unknowingly, inadvertently, or unavoidably;

(b) An employee of the licensee who presents the chips and tokens in the normal course of employment; or

(c) A person engaged in the business of collecting from licensees chips and tokens issued by other licensees and presenting them to the issuing licensees for redemption.

5. A licensee shall not knowingly issue, use, permit the use of, or redeem chips or tokens issued by another licensee, except as follows:

(a) A licensee may redeem tokens issued by another licensee if:

(1) The tokens are presented by a patron for redemption to a cashier of the licensee's gaming establishment or, in the case of a location having slot machines operated by a licensed operator of a slot machine route, if a patron presents them to the operator's employee at the location; or

(2) The tokens are presented by a patron at a table game; and

(3) The licensee redeems the tokens with tokens of its own, separates and properly accounts for the redeemed tokens during the count performed pursuant to the licensee's system of internal control required by Regulation 6, and places the redeemed tokens in the table's drop box, if redeemed at a table game; and

(b) A licensee may redeem chips issued by another licensee if:

(1) The chips are presented by a patron for redemption at the cashier's cage of the licensee's gaming establishment; or

(2) The chips are presented by a patron at a table game, and the licensee redeems the chips with chips of its own, places the redeemed chips in the table's drop box, and separates and properly accounts for the redeemed chips during the count performed pursuant to the licensee's system of internal control submitted pursuant to Regulation 6.050 or 6.060; and

(c) An operator of a slot machine route or its employee may redeem tokens that are issued by the operator for use at another location.

6. Chips whose use is restricted to uses other than at table games or other than at specified table games may be redeemed by the issuing licensee at table games or non-specified table games if the chips are presented by a patron, and the licensee redeems the chips with chips issued for use at the game, places the redeemed chips in the table's drop box, and separates and properly accounts for the redeemed chips during the count performed pursuant to the licensee's system of internal control required by Regulation 6.

7. Tokens may be used only at gaming establishments operated by persons holding nonrestricted gaming licenses, including restricted locations at which gaming devices are operated by licensed operators of slot machine routes.

(Adopted: 6/87. Amended: 8/88; 12/91; 2/94.)

12.070 Redemption and disposal of discontinued chips and tokens.

1. A licensee that permanently removes from use or replaces approved chips or tokens at its gaming establishment, or that ceases operating its gaming establishment whether because of closure or sale of the establishment or any other reason, must prepare a plan for redeeming discontinued chips and tokens that remain outstanding at the time of discontinuance. The licensee must submit the plan in writing to the chairman not later than 30 days before the proposed removal, replacement, sale, or closure, unless the closure or other cause for discontinuance of the chips or tokens cannot reasonably be anticipated, in which event the licensee must submit the plan as soon as reasonably practicable. The chairman may approve the plan or require reasonable modifications as a condition of approval. Upon approval of the plan, the licensee shall implement the plan as approved.

2. In addition to such other reasonable provisions as the chairman may approve or require, the plan must provide for:

(a) Redemption of outstanding, discontinued chips and tokens in accordance with this regulation for at least 120 days after the removal or replacement of the chips or tokens or for at

least 120 days after operations cease, as the case may be, or for such longer or shorter period as the chairman may for good cause approve or require;

(b) Redemption of the chips and tokens at the premises of the gaming establishment or at such other location as the chairman may approve;

(c) Publication of notice of the discontinuance of the chips and tokens and of the redemption and the pertinent times and locations in at least two newspapers of general circulation in Nevada at least twice during each week of the redemption period, subject to the chairman's approval of the form of the notice, the newspapers selected for publication, and the specific days of publication;

(d) Conspicuous posting of the notice described in paragraph (c) at the gaming establishment or other redemption location; and

(e) Destruction or such other disposition of the discontinued chips and tokens as the chairman may approve or require.

(Adopted: 6/87.)

12.080 Destruction of counterfeit chips and tokens.

1. As used in this section, "counterfeit chips or tokens" means any chip- or token-like objects that have not been approved pursuant to this regulation, including objects commonly referred to as "slugs," but not including coins of the United States or any other nation.

2. Unless a peace officer instructs or a court of competent jurisdiction orders otherwise in a particular case, licensees shall destroy or otherwise dispose of counterfeit chips and tokens discovered at their establishments in such manner as the chairman may approve or require.

3. Unless a peace officer instructs or a court of competent jurisdiction orders otherwise in a particular case, licensees may dispose of coins of the United States or any other nation discovered to have been unlawfully used at their establishments by including them in their coin inventories or, in the case of foreign coins, by exchanging them for United States currency or coins and including same in their currency or coin inventories, or by disposing of them in any other lawful manner.

4. Each licensee shall record, in addition to such other information as the chairman may require:

(a) The number and denominations, actual and purported, of the coins and counterfeit chips and tokens destroyed or otherwise disposed of pursuant to this section;

(b) The month during which they were discovered;

(c) The date, place, and method of destruction or other disposition, including, in the case of foreign coin exchanges, the exchange rate and the identity of the bank, exchange company, or other business or person at which or with whom the coins are exchanged; and

(d) The names of the persons carrying out the destruction or other disposition on behalf of the licensee.

5. Each licensee shall maintain each record required by this subsection for at least 5 years, unless the chairman approves or requires otherwise.

(Adopted: 6/87.)

12.090 Promotional and tournament chips and tokens.

1. As used in this section, "promotional chip" means a chip- or token-like object issued by a licensee for use in promotions or tournaments at the licensee's gaming establishment.

2. Promotional chips must be designed, manufactured, approved, and used in accordance with the provisions of this regulation applicable to chips and tokens, except as follows:

(a) Promotional chips must be of such shape and size and have such other specifications as the chairman may approve or require;

(b) Each side of each promotional chip must conspicuously bear the inscription "No Cash Value";

(c) Promotional chips must not be used, and licensees shall not permit their use, in transactions other than the promotions or tournaments for which they are issued; and

(d) The provisions of section 12.070 of this regulation shall not apply to promotional chips.

(Adopted: 6/87.)

12.100 Other instrumentalities. Other instrumentalities with which gaming is conducted must be designed, manufactured, approved, used, discontinued, destroyed, or otherwise disposed of in accordance with the provisions of this regulation applicable to chips and tokens, except as follows:

1. Such other instrumentalities must be of such shape, size, and design and have such other specifications as the chairman may approve or require; and

2. The chairman, in his sole and absolute discretion, may deny approval of instrumentalities other than chips and tokens or may grant approval subject to such conditions as he considers appropriate.
(Adopted: 6/87.)

End – Regulation 12